

## COUNCIL ON BUDGET AND FACILITIES

July 10, 2017

### APPROVED SUMMARY

**Members Present:** Josh Ashenmiller, Dana Clahane, Terry Cox, Rodrigo Garcia, Craig Goralski, Adam Gottdank, Jolena Grande, Raine Hambly, Rod Lusch, Irma Ramos, Fred Williams

**Guests:** Sandy Cotter, Pete Snyder, Rick Williams

**Call to Order:** The meeting was called to order at 2:10 pm by Chair Irma Ramos

- I. **Summary:** The summary of the May 8, 2017, meeting was accepted as submitted. Round-table introductions followed.
- II. **Budget Update:** Vice Chancellor Williams provided an update on the 2017-18 budget presented to the Board on June 27, 2017. He explained the budget was built on the January proposed budget, and included a structural deficit due to declining enrollment and other outstanding issues.

#### Fiscal Year 2016-17:

System deficit expected at P-2 expected to be \$0.

Projected FTES is 34,756.69, -1,486.83 below target.

Uncaptured growth of 2.68%

Fiscal year close is July 31, 2017

Proposed 2017-18 budget will be presented to the Board on September 12, 2017

#### Governor's Expected Budget:

May Revise released May 11, 2017

Legislature send the budget to the Governor by the June 15 deadline

Cost of Living Adjustment (COLA) is 1.56% (increased from 1.48% in January)

A significant change of \$183.6 million base allocation adjustment (for pending cost increases such as STRS/PERS in future)

\$57.8 million for growth (based on 1% system-wide growth)

\$76.9 million for Schedule Maintenance/Instructional Equipment

\$40 million for Prop 39 Energy Projects

\$150 million in grants for Guided Pathways Programs (on-time dollars)

#### NOCCCD 2017-18 Tentative Budget:

Rollover budget

Focuses on on-going resources

Budget assumptions prepared prior to May Revise

Final analysis of assumptions, position control and new budget development will be

incorporated prior to proposed budget in September. Includes 1% from adding two flex-days.

Vice Chancellor Williams outlined the major revenue assumptions, unrestricted general fund revenue, and major expenditure assumptions, including salary and benefits increases, 5% increase

in medical benefits, step/column increases, and PERS/STRS rate increases. Operating allocation and Extended Day budgets both decreased.

Outstanding issues noted were the PERS/STRS rate increases, FTES challenges, and the Summer Shift proposal. He explained the summer shift, availability of stability funding, and the \$18.4 million savings difference with the new strategy, plus the cushion of one-time funds. Implications of this new strategy allow for one year to recover enrollment and reduce costs, no additional impact for 2017-18 even if enrollments decrease, and the need to determine effects on the FON, categorical programs, and local allocation models. A process would need to be developed on the best use of the \$18.4 M: how much is saved, how much is used to cover known expenses, and how much is used to cover deficits.

Questions on the FON, ratio of P-T to F-T faculty, and the 'soft' hiring freeze and subsequent year faculty hires were discussed. Summer and winter intersessions can be offered, as well as additional flex days could be added to the academic calendar, in an effort to generate additional funding.

### **III. Bond Update:**

Anaheim Campus – Mr. Rick Williams shared the slow progress of the 7<sup>th</sup> and 10<sup>th</sup> floor projects due to lower interest by contractors and higher bids due to the number of educational facility bond projects statewide. The 5<sup>th</sup> floor remodel for efficiency should be straight forward.

Cypress College – Mr. Williams noted there are some budget and staffing issues to resolve with the new SEM building project. The Veteran's Center project continues, and the parking expansion project should net an additional 200-300 new spaces. The successful geothermal system project will be operational in August with a good cost savings for low investment.

Fullerton College – Mr. Rod Garcia shared that the EIR projects, including cultural and historic studies, are in the final stages, including a separate EIR for the Sherbeck Field project.

District/Anaheim Campus – Vice Chancellor Williams noted the Measure J webpage is now available with progress updates, and the AC District-wide GIS/Plan Room is complete.

### **IV. 2017-18 Meeting Calendar:**

The proposed meeting calendar was accepted, noting the possibility of cancelling the January 8 meeting date if not needed.

### **V. Other Items: None**

Adjournment: The meeting adjourned at 3:15 p.m.